

Assembly Concurrent Resolution

No. 73

**Introduced by Assembly Member Roger Hernández
(Coauthor: Assembly Member Buchanan)**

August 5, 2013

Assembly Concurrent Resolution No. 73—Relative to the
Glass-Steagall Act.

LEGISLATIVE COUNSEL'S DIGEST

ACR 73, as introduced, Roger Hernández. The Glass-Steagall Act.

This measure would urge the President and the Congress of the United States to enact federal legislation to protect the public interest by reviving the separation between commercial banking and speculative activity embodied in the Glass-Steagall Act.

Fiscal committee: no.

- 1 WHEREAS, An effective monetary and banking system is
2 essential to the proper functioning of the economy; and
3 WHEREAS, In order to be effective, a monetary and banking
4 system must serve the public interest; and
5 WHEREAS, The federal Banking Act of 1933, commonly
6 referred to as the Glass-Steagall Act, contained key provisions that
7 served the public interest by prohibiting commercial banks from
8 engaging in the kinds of investment banking and speculative
9 activity that contributed to the collapse of the banking system
10 during the Great Depression; and
11 WHEREAS, In 1999, Congress repealed these key provisions
12 of the Glass-Steagall Act, allowing commercial banks to engage
13 in speculative activity once more; and

1 WHEREAS, The resulting commercial bank involvement in
2 speculative activity worked against the public interest by placing
3 the commercial banks themselves in financial jeopardy and
4 contributing to the Great Recession; and

5 WHEREAS, Although, in 2010, Congress passed the
6 Dodd-Frank Wall Street Reform and Consumer Protection Act to
7 address the root causes of the recession, that act does not provide
8 the same level of protection from speculative activity in the
9 financial markets as the provisions of the Glass-Steagall Act did;
10 and

11 WHEREAS, The public interest will continue to be at risk until
12 commercial banks are prohibited from engaging in speculative
13 activity again; and

14 WHEREAS, In the current Congress, Congresswoman Marcy
15 Kaptur (D-Ohio) and Congressman Walter Jones (R-North
16 Carolina) have introduced H.R. 129, and Senator Tom Harkin
17 (D-Iowa) has introduced S. 985, known as the Return to Prudent
18 Banking Act of 2013, to revive the separation between commercial
19 banking and speculative activity embodied in the repealed
20 provisions of the Glass-Steagall Act; and

21 WHEREAS, The Return to Prudent Banking Act of 2013
22 received support from diverse, and sometimes opposing groups
23 and individuals, including, but not limited to, all of the following:
24 the AFL-CIO; the American Federation of Teachers; the
25 International Association of Machinists; Thomas Hoenig, Vice
26 Chair of the FDIC; David Stockman, former Chair of the Office
27 of Management and Budget under Ronald Reagan; economists
28 Luigi Zingales and Lyndon LaRouche; Robert Reich, former Labor
29 Secretary under Bill Clinton; Stanford Weill, former CEO of
30 Citibank and leader of the effort to repeal the Glass-Steagall Act
31 in 1999; and various state legislatures, more than 20 of which have
32 filed resolutions urging Congress to restore the Glass-Steagall Act;
33 now, therefore, be it

34 *Resolved by the Assembly of the State of California, the Senate*
35 *thereof concurring*, That the Legislature urges the President and
36 the Congress of the United States to enact federal legislation to
37 protect the public interest by reviving the separation between
38 commercial banking and speculative activity embodied in the
39 Glass-Steagall Act; and be it further

1 *Resolved*, That the Chief Clerk of the Assembly transmit copies
2 of this resolution to the President and Vice President of the United
3 States, to the Speaker of the House of Representatives, to the
4 Majority Leader of the Senate, to each member of California's
5 delegation to Congress, and to the author for appropriate
6 distribution.

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